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SUPPLEMENT TO
REPORT NO.

25X1X

1. Introduction

2. Production

15,000 Mason's hammers (Maurerhammer)
8,000 Mortar troughs (Maurerpfannen)
20,000 Angle irons for beds (Bettwinkel)
6,000 Erector sets (Metallbaukasten)
5,000 Cooking pans (Kuechenpfannen)

CLASSIFICATION **~~SECRET~~**

| STATE | # | NAVY | AIR | DISTRIBUTION |
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| ARMY | # | AIR | | |

Next Review Date: 2008

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- 2 -

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3. Technical Conditions within the Plant

All the factory buildings are in very good condition. The following machinery is in operations:

- 8 fairly new lathes of German origin, capable of accommodating stock up to 2500 mm
- 6 older lathes of Austrian origin
- 1 eccentric press with maximum pressure of 300 tons
- 24 obsolete drilling machines of various types
- 14 automatic die-pressing machines of various types
- 6 Haller furnaces
- 14 smaller special machines
- 4 tons (approximately) of miscellaneous tools.

The plant has its own highway and railroad connections. There are eight trucks (3-ton), one heavy delivery van, and one passenger car. A power plant provides 70% of the necessary electricity; the remaining 30% comes from Lower Austria.

4. Property

Until 1938, the enterprise was wholly Austrian. Production consisted of dies for various industries and household articles. In 1938, two Germans, Kliemke and Engineer Keller, bought the plant legally. The factory was not organized. The new owners modernized the plant and started armament production. After the end of the war, Kliemke fled to Germany, while Keller remained in the plant and attempted to acquire Austrian citizenship. During the summer of 1945, the plant was requisitioned by occupation forces and later was placed under the administration of USIA.

5. Financial Situation and Management

The value of the plant, according to an estimate made by USIA, is 1,000,000 Austrian schillings. In the fall of 1946, financial difficulties arose when the plant resumed operations. Through General-Direktor Osip Bonda, head of the Buying and Selling Office of the Machine Construction Section of USIA, the plant received a loan of 300,000 schillings from the Russian State Bank. Under the terms of the loan, the firm was obliged to consign the entire output for the period of February to November 1947 to the Buying and Selling Office. Each month, 45,000 schillings derived from sales were paid into the Russian bank. The loan was entirely repaid, but General-Direktor Bonda, a Russian national, will receive 11.7% of all sales returns for the next six months. This financial transaction was based on a private agreement between Bonda and the Russian general manager of the firm Globus-Waldgatter Gesellschaft Kliemke & Co., Stefan Lintshev, which was kept a secret from USIA. USIA is entitled to 6% of the firm's monthly sales as a so-called "administration fee" (Verwaltungsabgabe); in addition, USIA takes 87% of the net profits. Of the remaining 13% of the net profits, two-thirds is paid to the Russian general manager and one-third to the Austrian Betriebsfuehrer Engineer Jelecek. The Russian general manager, Stefan Lintshev, receives a monthly pay of 5,500 schillings plus an expense account of 2,000 schillings. Engineer Jelecek draws a monthly salary of 4,500 schillings. Jelecek has been a member of the Communist Party since 1945 and speaks perfect Russian. He is said to lack technical qualifications and to have secured his position through his personal friendship with the Russian general manager.

6. USIA controls the amount of production, setting a monthly total production figure in schillings. However, since production slowly decreased during the latter part of 1947 because of inexperienced personnel and questionable business procedures, the firm is obliged to raise its prices so as to cover the production figure prescribed by USIA. Furthermore, the firm owes USIA 200,000 schillings for sheet metal and other material. For the period of 1 to 15 December 1947, the firm did not have the money to meet the payroll. Therefore, after a session of the Betriebsrat, the workers decided to go out on strike on 18 December 1947 if their wages

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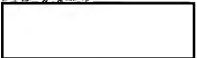
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- 3 -



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were not forthcoming. USIA stated that they would not continue financial support much longer and is considering giving up the plant. The selling price is said to be 1,500,000 schillings. According to the accountant, Krebs, and the technical manager, Bucher, the firm will be bankrupt within four months under prevailing conditions, after exhausting present reserves of raw material; only another loan by the Russian State Bank and an immediate change in the firm's management might prevent such a development.

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